

26

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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Report

Weekly Report

Prepared Exclusively for the  
Senior Interdepartmental Group

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C O N T E N T S

	<u>Page</u>
1. Aden - South Arabia . . . . .	1
2. France. . . . .	2
3. Dominican Republic. . . . .	3
4. Uruguay . . . . .	4

6 March 1967

SECRET

**SECRET**

*No Foreign Dissem*

1. ADEN - SOUTH ARABIA

Violence is increasing in Aden, even as the British are having some success in federal constitutional reforms which could pave the way for a viable postindependence government. At least 14 persons, British and Arab, have died as a result of terrorism and government countermeasures in the past week.

Egypt continues to encourage anarchy in the area during the withdrawal of the British, which is to be completed in 1968. It hopes to be credited with their departure and to deny independence to any native government which it cannot control. This policy has now resulted in a vicious fight for dominance between two organizations created by the Egyptian intelligence service, the National Front for Liberation (NLF) and the Front for the Liberation of Occupied South Yemen (FLOSY). The latter is presently favored by Cairo.

The violence is further exacerbated by the fact that the targets of these organizations--the pro-British South Arabian Federation Government and the anti-Egyptian South Arabian League--are themselves composed of feuding hill-country tribal leaders who are only barely restrained by British counsel from striking back with a terror campaign of their own. Moreover, the violent atmosphere of the past years in Aden has created many personal vendettas which probably will be settled under cover of the general unrest.

The British have now succeeded in pushing through constitutional reforms, which call for a postindependence federal system composed of a unicameral parliament, a president, and a premier. The UN has appointed a reasonably neutral advisory mission to Aden to assist the proposed new government.

However, so long as Egypt continues to encourage violence, it is doubtful whether these measures can ensure a successful transition to independence for Aden. (SECRET NO FOREIGN DISSEM)

6 March 1967

*No Foreign Dissem*

**SECRET**

SECRET

*No Foreign Dissem*

## 2. FRANCE

Having won 38 percent of the vote in the first round of the legislative elections, the Gaullists seem to be duplicating their 1962 performance. While this suggests they will win a clear majority in the 12 March runoff, the result will depend on the withdrawal agreements worked out by the parties before the Tuesday midnight deadline.

Of the total of 470 seats for metropolitan France, the Gaullists have won 62 of the 73 already decided. Fifth Republic candidates are leading in 208 of the remaining districts, but the outcome will be close in nearly half of these.

The parties of the left received about 43 percent of the vote, approximating the 44 percent which Francois Mitterrand won in the runoff for the presidency against De Gaulle in 1965. The Communist Party (PCF) obtained 22 percent of that, and achieved a major objective by running ahead of Mitterrand's Federation, which received almost 19 percent. With its pre-eminence among the parties of the left thus verified, the PCF may feel it can afford to withdraw in favor of Federation candidates in more instances than strict reciprocity would demand. The Gaullists could then be in trouble, particularly if the Communists also withdraw in favor of some Center candidates as they did in 1962. Such a tactic poses a dilemma for the PCF, however, because the party is satisfied with De Gaulle's foreign policy and fears it would be at a disadvantage if the Federation and Jean Lecanuet's Democratic Center were strengthened at Communist expense.

The Center, which competed for many of the same votes as the Gaullists and won only 13 percent of the total, is now in a poorer bargaining position than it had expected. Gaullist and Center leaders met today to discuss withdrawals, but Lecanuet reportedly was unwilling to work out an exclusive agreement because he still hopes for PCF and Federation withdrawals in his favor. (SECRET NO FOREIGN DISSEM)

6 March 1967

*No Foreign Dissem*

SECRET

SECRET

### 3. DOMINICAN REPUBLIC

President Balaguer's description of Dominican politics as a "nest of tarantulas" seems likely to prove increasingly accurate in coming months.

His relations with the important left-of-center Dominican Revolutionary Party (PRD) have deteriorated seriously. The PRD continues its charges of government persecution and dictatorial policies, exaggerating but retaining enough truth to make them credible. Last week PRD radicals rejected a perfunctory presidential olive branch, perhaps because of Balaguer's past attempts to discredit the party.

PRD leaders have said they will not back Balaguer in the event of a coup and privately seem convinced that right wingers will topple him. Although there is no firm evidence that the PRD has begun plotting, it is contributing to an atmosphere in which others will be encouraged to do so.

New opposition has surfaced in the person of conservative elder statesman Viriato Fiallo, who says the President must change his ways or be charged with "establishing a new era of Trujillo."

In a 27 February speech, Balaguer rejected charges of government repression but admitted some police abuses. He did not, however, propose any dramatic action that would sway the uncommitted and silence his critics. Indeed, he seems to be having increasing trouble controlling his subordinates, many of whom he admits supported Trujillo.

So far, Balaguer apparently retains the support of much of the military. Last month he replaced the army chief without provoking any visible reaction. Nevertheless, he seems uneasy in his relationship with the armed forces and is thinking of shifting other top military leaders.

Although no immediate move against Balaguer seems in prospect, recent developments may presage the coming together of Balaguer's left- and right-wing opponents under an "anti-Trujilloist" banner--a union the Communists have recently been urging. (SECRET)

6 March 1967

SECRET

**SECRET**

*No Foreign Dissem*

#### 4. URUGUAY

Uruguay's new president, Oscar Gestido, inherited major economic and political problems when he was inaugurated on 1 March.

The cost of living is expected to increase by 90 percent this year, and government efforts to maintain a restrictive wage policy will almost certainly provoke serious labor agitation. The Communists dominate organized labor and have decided upon an early clash with Gestido's government, which they believe will be "rightist." This decision was probably influenced by the knowledge that their continued control of labor demands ever-increasing agitation; to let down would give non-Communist unionists a chance to take the lead in championing the workers' causes. The Communists also dominate the university students, and the government will probably have trouble with them.

Gestido's handling of his problems will be complicated by the lack of unity within his own party. He has a slim congressional majority--one in the Chamber and three in the Senate. The support promised by all party factions is not likely to last.

On the brighter side of the picture, however, Gestido has chosen a reasonably competent cabinet and has the reputation of being a good administrator. He received a substantial majority at the polls, and with this backing and the powers granted by the new constitution, he should be able at least to make a start at solving some of the country's problems. (SECRET NO FOREIGN DISSEM)

6 March 1967

*No Foreign Dissem*

**SECRET**

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